GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6127
ANSWERED ON:27.04.2001
SEPARATE BANK TO FINANCE FILM INDUSTRY
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a): whether financial institutions and nationalised banks have finalised norms and modalities for the financing the production of films;

(b): if so, the details thereof;

(c): whether the financial institutions have recognised film production as an `industry` ;

(d): if so, the benefits that are likely to be accrued to the film industry;

(e): whether any concessions would be offered for new entrepreneurs in the film sector; and

(f) if so, the details thereof and the steps taken by the Government to set up a separate bank to finance film industry?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): The Joint Institutional Committee set up by Industrial Development Bank of India (IDBI) on Financing of Entertainmen Industry including Films has submitted its report. The committee had observed that there was a need for extension of institutional credit to the Industry. The main recommendations of the committee inter-alia includes :

- There is need for corporatisation in the film industry;
- There is need to have proper and transparent accounting system in the industry;
- There is need to evolve risk mitigation mechanism by creation of system of Completion Bonding in the country
- There is need for development of a comprehensive range of insurance products for the film industry.
- The Committee also finalised a Draft Scheme for financing the film industry.

RBI has also circulated to the banks the guidelines prepared by the IBA on financing entertainment industry including films.

(c): Yes, Sir. A notification has been issued by Government on 16th October, 2000 whereby `entertainment industry including films` has been declared as an `industrial concern` under IDBI Act, 1964.

(d) The draft scheme is expected to enable extension of institutionalised credit to the film industry. Also, against the prevailing high cost of funds from informal channels, the institutional credit to the industry is expected to reduce the cost of funds in the film production activity.

(e) to (f): The scheme does not envisage any specific concessions. There is no proposal to set up a separate Bank to finance Film Industry.